

INDUSTRY STAKEHOLDER MEETING SUMMARY

INDUSTRY GROUP: NoPort Southport

DATE: June 13, 2011

LOCATION: Southport Marina, 606 W. West St, Southport NC

PARTICIPANTS:

<u>NoPort Southport</u>	<u>Maritime Strategy Team</u>
Woodie Wilson	Rachel Vandenberg
Rhodes Messick	Tommy Harrelson
John Lauer	Garold Smith
Harry (Skip) Burrell	Eddie McFalls
Jim Miller	Alixandra Demers
Susan Toth	

The Maritime Strategy team met with NoPort Southport on June 13, 2011 from 3pm to 5pm. The purpose of the meeting was to better understand the issues and concerns of NoPort Southport related to potential port development in Southport.

Major topics presented by NoPort Southport included:

- Economics (need) for new container port facilities in the region
- Safety and security of proposed container facility in proximity to Progress Energy and MOTSU
- Aquifer impacts and other environmental impacts of dredging required to accommodate 50-foot draft vessels at proposed NCIT site
- Concerns regarding health impacts of port operations
- Lack of adequate infrastructure to support road and rail access to proposed NCIT site

Maritime Strategy Team action items resulting from the discussion include:

1. Verify that documents referenced and provided by NoPort Southport are included in the review of existing documents
2. Address topics listed above in NC Maritime analysis and consideration of maritime market and infrastructure alternatives
3. Additionally, as noted by Rachel Vandenberg during the meeting, the project team will follow up on accuracy of specific data on health impacts of Southern California ports that was cited by NoPort Southport at the meeting.

NoPort Southport presentation materials are attached.

NoPort Southport provided a CD containing background materials and published reports referenced in the presentation handouts. A list of files included on the CD is attached.

ATTACHMENT 1
NO PORT SOUTHPORT PRESENTATION MATERIALS



NO PORT Southport, Inc.

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AGENDA

NORTH CAROLINA MARITIME STRATEGY TEAM MEETING

SOUTHPORT, NC

3 PM JUNE 13, 2011

Welcome & Introductions ----- Rachel Vandenberg & Woody Wilson

Economic Discussion ----- Woody Wilson

Safety & Security Discussion ----- Rhodes Messick

Aquifer & Environmental Discussion ----- Jim Miller

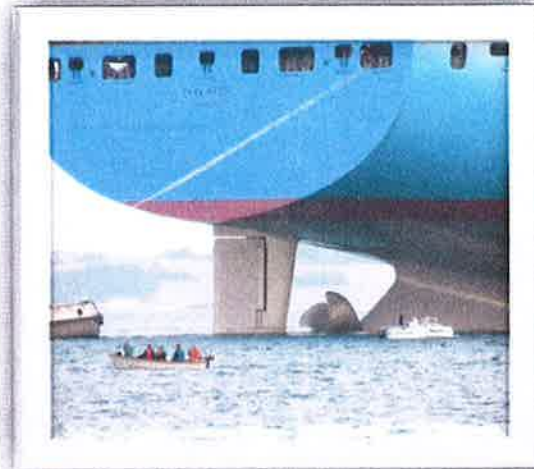
Health Discussion ----- John Lauer

Infrastructure Discussion ----- Harry Burrell

Close Out Comments & Discussion ----- All

Meeting conducted at the Southport Marina Office Complex

The Case Against the Proposed North Carolina International Terminal



A Presentation of Facts

Economics ~ National Security ~ Environmental



NoPort Southport NC, Inc.
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June 29, 2010



McIntyre Announces Opposition To North Carolina International Terminal

U.S. Congressman Mike McIntyre announced today that he is opposed to the building of the proposed North Carolina International Terminal in Brunswick County. His statement is below:

“Several years ago the North Carolina Ports Authority proposed constructing a new, international container facility in Southport. In the past I expressed very serious concerns about how this project might affect the quality of life in Brunswick County. I have also stated that there were very serious questions that needed to be answered before the project could move forward. These include concerns about national security, infrastructure, environmental and economic impacts, and potential affect on local shorelines already struggling with erosion. After years of public debate, I still have these concerns and these questions remain unanswered.

“A reconnaissance study has been completed, but a much more costly feasibility study remains. After listening to the concerns of the people in Brunswick County, and studying this issue I have come to the conclusion that an international port is not right for Southport or the people of Brunswick County. Specifically, my concerns are:

- **First, as Vice-Chairman of the Armed Services Subcommittee on Terrorism, I am concerned that the location of the proposed port is between two facilities that pose a tempting target of terrorist attack or would be at catastrophic risk in the case of an accident. The site for the proposed international port is near the Progress Energy Brunswick Nuclear Power Plant and the Military Ocean Terminal at Sunny Point. I have not been convinced that security at a port of the size of the proposed project would be adequate enough for the safety and security of the nuclear plant and Sunny Point. More than 90% of the munitions used by our men and women fighting overseas flows through Sunny Point. Doing anything that might pose a risk to that facility would be putting both our soldiers and our**

national security at risk. In addition, the Brunswick Nuclear Plant is also by the proposed port. Much like Sunny Point, it is not wise or prudent to locate a facility nearby that might pose a risk to the plant.

- **Second, I am concerned that the question of infrastructure associated with a facility the size of the proposed international port has not been answered. A port of this size would require a massive expansion of roads and rails leading to the port. In addition, the flow of heavy trucks and tractor trailers through Brunswick County could expand to a rate that the area has never known. This dramatic expansion in heavy traffic not only poses a strain on the region's infrastructure resources but also raises questions of safety on the roads and economic damage to property values.**
- **Third, I am also concerned with the potential environmental impacts and the impact on the quality of life of the people of Brunswick County. The Cape Fear River is a treasure that is enjoyed by sportsmen and environmentalists alike. It is an important fish habitat and home to many environmentally sensitive areas. In addition to the environmental sensitivity, Brunswick County is also home to a fishing industry that has existed for centuries. The fishing men and women of North Carolina are already under great strain because of the economy and fishing closures. I am concerned that this port would harm an industry that is already being squeezed.**
- **Finally, I am concerned about the cost of the international port and our growing national debt. From a few hundred thousand dollars for the initial reconnaissance study to \$10 million for the feasibility study, and now several billion for the actual construction of the proposed international port, the question of "how it will be paid for" has not been answered.**

Because of these concerns, and concerns raised by the communities of Southport, Bald Head Island, Caswell Beach, Boiling Springs, and Saint James -- I have come to the conclusion that the proposed international port is too risky and too costly and could cause irreparable harm both economically and environmentally."

**Dean M. Mitchell
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February 28th, 2011

Panama Canal expansion seen boosting volume at 3 big US ports



Panama Canal Officials say the third lane in the canal will bring enough traffic to the East Coast to boost 3 ports, not the 13 that are racing to invest in infrastructure.

The Panama Canal, undertaking a \$5.25-billion expansion, expects three bigger US ports will handle a surge in trade as the waterway makes room for larger ships, said Alberto Aleman, the canal's chief executive officer.

Two deeper, wider ports along the US Eastern seaboard and one in the Gulf coast should be enough to handle the growth in traffic, instead of the approximately 13 port expansions now underway, Aleman said in an interview in Panama City.

"The East Coast has many ports, and the large container ships are not going to stop at every port," Aleman said.

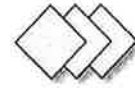
Summary of South Atlantic Container Terminals: Capacity, Growth and Expansion

Prepared for:



Prepared by:

William J. Davis, Ph.D.
Civil & Environmental Engineering
The Citadel, Charleston, SC



The study presents an analysis and comparison of port capacity, growth and expansion to evaluate container terminals operated by state port authorities in Norfolk, VA, Wilmington, NC, Charleston, SC and Savannah, GA. Terminals operated in these jurisdictions were tabulated and analyzed with respect to existing facility capacity, maritime operations, recent trends in container volume, forecasted container growth, future/planned port expansion projects, channel dredging initiatives, comparison of capacity vs. demand, and summary of estimated capital expenditures. Findings and conclusions from this evaluation include:

- In 2009, 5.5m Transportation Equivalent Units (TEUs) were handled by ports in Norfolk, VA, Wilmington, NC, Charleston, SC & Savannah, GA, totaling 41% of U.S. east coast container volume.
- Current capacity of these four ports is 10.9m TEUs and programmed improvements at existing terminals will increase total capacity to 15.1m TEUs.
- Future and planned container terminal expansion projects in VA, NC, SC and GA include:
 - Virginia Port Authority's future \$2.6 billion Craney Island Terminal providing 2 berths in 2020, 4 berths in 2030, 7 berths in 2034, and 3.1m TEU capacity.
 - North Carolina Port Authority's planned \$2.5 billion NC International Terminal providing 2 berths in 2017, 4 berths in 2027 and 3.4m TEU capacity. (currently on hold)
 - South Carolina Port Authority's future \$600 million Navy Base Terminal providing 2 berths in 2016, 3 berths in 2020 and 1.4m TEU capacity.
 - GA/SC Port Authorities planned \$500 million Jasper Ocean Terminal providing 9 berths in 2021, and 6.0m TEU capacity.
- Future and planned terminal expansion projects in VA, NC, SC and GA will provide an additional capacity of 13.9m TEUs over the next 25-years, with a total budget estimate of \$8.4 billion for terminal construction and related dredging and off-site expenditures.
- Future/planned terminal expansion projects in VA, NC, SC & GA will increase the total number of container shipping berths from 32 to 55 berths and provide a total capacity of 29.0m TEUs.
- If completed as planned, future port capacity in VA, NC, SC and GA of 29.0m TEUs would be overbuilt (or over demand) by 152 percent $[(29-11.5)/11.5 = 1.52]$, assuming a 3 percent annual growth in TEUs through the year 2034.
- Without the NC International Terminal and assuming 3 percent annual TEU growth, future port capacity in VA, SC and GA of 25.6m TEUs would be overbuilt (or over demand) by 123 percent $[(25.6-11.5)/11.5 = 1.23]$, through the year 2034.
- U.S. growth trends in container shipping from 1995 to 2008 exhibited a 4.2 percent annual growth over this 14-year period.
- Worldwide, U.S. national and U.S. east coast port modeling forecasts predict annual TEU growth of 3 to 5 percent per year for container shipping to occur over a planning horizon from 2015 to 2040.



SECURITY & PUBLIC SAFETY
CONCERNS RELATED TO
PROPOSED
INTERNATIONAL CONTAINER PORT
AT
SOUTHPORT, NORTH CAROLINA

- **SITE PROXIMITY TO PROGRESS ENERGY NUCLEAR POWER PLANT**
- **SITE PROXIMITY TO BURGEONING HOUSING GROWTH IN TEN MILE RADIUS OF THIS FACILITY**
- **SITE PROXIMITY TO US ARMY'S MILITARY OCEAN TERMINAL SUNNY POINT (MOTSU) – ONE OF THE LARGEST AMMUNITION DEPOTS IN THE UNITED STATES**
- **SITE PROXIMITY TO CAPE FEAR REGION SHIPPING LANES**
- **TERRORISM CONCERNS RELATED TO UNSCREENED FOREIGN SEA VESSELS AND OVERSEAS PACKED SHIPPING CONTAINERS PROCESSING THROUGH THIS FACILITY**
- **FOREIGN PASSENGERS & SEAMEN DEBARKING FOREIGN VESSELS – POTENTIAL FOR TERRORIST INCIDENT SURVEILLANCE & INTELLIGENCE COLLECTION**
- **IMPACT ON AREA PUBLIC SAFETY & LIFE SAFETY RESPONSE ORGANIZATIONS**
- **OVERWHELMING HIGHWAY AND ROAD SYSTEMS, ALREADY DANGEROUS, BARELY COPING WITH THE DEMANDS OF THE CURRENT POPULATION**
- **SIGNIFICANT FUNDING REQUIREMENTS CAUSED BY NEED FOR INCREASED EMERGENCY SERVICE MANPOWER, EQUIPMENT & FACILITIES**
- **POTENTIAL FOR INCREASED CRIMINAL ACTIVITY DUE TO INFLUX OF TRANSIENTS & VEHICULAR TRAFFIC INTO AREA**



September 9, 2009

Debra Willis, Project Manager
US Army Engineer District Wilmington
Post Office Box 1890
Wilmington, NC 28402-1890

Ref: North Carolina International Terminal

Dear Ms. Willis,

Progress Energy respectfully offers the following comments as the Corps of Engineers prepares to conduct its reconnaissance study related to the proposed construction of the NCIT near Southport. Progress Energy owns and operates the Brunswick Nuclear Plant adjacent to the site of the proposed NCIT. The Brunswick Nuclear plant has two nuclear reactors (1.858 MWs total) that require 1 million gallons of cooling water per minute. The cooling water comes from the Cape Fear River via a canal that borders the proposed NCIT site; the intake for the canal is immediately adjacent to the area where the NCIT's docks will be located.

Progress Energy has not taken a position on the proposed NCIT and will not do so until all risks are identified and resolved. We have communicated with the State Ports Authority and the public that the location of the proposed NCIT raised significant operational and security issues for our company and that our primary concern will be to ensure the continued safe and uninterrupted operation of the Brunswick Nuclear Plant.

Specifically, we told the Ports Authority:

1. Nuclear security will be challenged by a major construction project and a substantial ongoing shipping and port operation directly adjacent to the power plant.
2. The most direct route for road and rail to the proposed terminal site is by crossing the nuclear plant's cooling water canal. Any plan to bridge this canal must ensure that the water supply is never interrupted or contaminated.

Progress Energy also has provided the Nuclear Regulatory Commission with a more specific list of issues related to the proposed NCIT that must be satisfactorily resolved. This list includes:

Cooling Water and Environment

- Must avoid a layout, activities, or placement of materials that could block or impede intake flow
- Avoid increased rate of sediment buildup in the intake during construction or port operation
- Appropriate systems and physical separation must be provided to prevent rainwater runoff from the port facility, introduction of chemicals, hazardous materials from spills or leaks, or anything into the intake that could be injected into the plant cooling water systems.

Security

- Plans for locating container interim storage
- Hazardous material storage and handling
- Plans for location of fuel oil storage tanks and volume
- With docking space at capacity, estimate of maximum volume of fuel oil in ships and capacity of any refueling tanks

- Port security infrastructure, access and site control
- BNP may have to install additional barriers once some of the natural barriers currently credited are reduced or removed during construction
- An adequate buffer must be maintained to our property.

Emergency Planning

- Progress Energy is required to maintain a current list (revised annually) of hazardous materials above a certain threshold located at industrial sites within the area and conduct a hazards evaluation
- Progress Energy would be required to reevaluate the risk associated with change in land use, revise evacuation time estimates and routes based on changes in land use and population shifts
- New traffic study would be required and installation of new emergency sirens may be required
- Progress Energy would need to develop interface agreements with NC Ports Authority on emergency communications and response plans.

Thank you for the opportunity to provide these comments. If you have questions or need further information, please contact Gene Upchurch at 919-546-3302 or gene.upchurch@pgnmail.com.

Sincerely,

President and CEO, Progress Energy Carolinas

Breaching the Castle

Hayne Aquifer

- Characteristics

- Castle Hayne aquifer stretches from central NJ to northeastern SC
- Varies in makeup from impervious clay/sand to limestone
- Flows from the fall line toward the Atlantic Ocean
- Is a major source of potable surface water in southeastern NC
- Is the most productive aquifer in NC

- Who uses the aquifer?

- Cape Fear Public Utility Authority for over 15,000 customers
- Brunswick County Water Authority (14 wells off 211)
- City of Southport Water Authority
- Progress Energy Southport Steam Plant

- Impact of a breach

- Reduced “head” pressure = reduced flow at well head
- Reverse flow: river into aquifer
- Salt water intrusion/migration in aquifer
 - Example: Floridian Aquifer Hilton Head / Savannah

Bibliography of Supporting Data

1- Ground water in the Coastal Plain of North Carolina

Published by: North Carolina Cooperative Extension Service,
Publication Number AG-450
and

North Carolina Aquifers

Division of Water Resources, North Carolina Department
of Environment and Natural Resources

([www.ncwater.org/Education_and_Technical_Assistance/Ground
Water/AquiferCharacteristics](http://www.ncwater.org/Education_and_Technical_Assistance/Ground_Water/AquiferCharacteristics))

2- USGS Aquifer Basics

(www.water.usgs.gov/ogw/aquiferbasics/ext_chaq.html)

3- Compilation of Water-Resources Data and Hydrogeologic Settings for Brunswick County, North Carolina, 1933-2000

U.S. Geological Survey, Open-File Report 01 - 240 (selected
pages)

Potential Environmental Problems from Building the Proposed North Carolina International Terminal. (Dr. Michael Mallin, Research Professor, Center for Marine Studies, UNCW)

- Replacing 400 acres of natural habitat with buildings and paved areas would inhibit groundwater recharge, produce contaminated storm water runoff, and destroy extensive woodlands and wetlands and their function of pollution control and animal habitat.
- Removal of 86 acres of salt marsh and armoring the natural shoreline with 4,600 ft. of hardened dock would remove riparian habitat and lead to erosion of natural areas of shoreline on both sides of the terminal dock.
- Dredging for the channel would destroy shallow water estuarine habitat, create copious amounts of turbidity and suspended solids, impact the intake canal for the nuclear power plant, increase fecal bacterial pollution resulting in more shellfish bed closures, alter upstream salinities, and increase erosion of the beaches at Bald Head Island.
- The massive increase in large ship traffic would increase local air pollution and water pollution, increase local noise pollution, potentially introduce non-native species in ballast water, and lead to increased mortality of endangered sturgeon.
- Road construction and use would lead to loss of animal habitat (including that of endangered species), fragmentation of plant and animal habitat, introduction of nonnative species, disruption of hydrology, and pollution of streams, ponds and marshes.



Cargo Ports and Pollution

1. One of the rights we have as citizens is to expect that our local, state and federal government will insure we have access to clean air and water and that these entities will not act in any way that will bring harm to us in this regard.
- 2 U.S. seaports are recognized as the largest and most poorly regulated source of urban pollution in the country. Inserting a major new seaport in the middle of a residential/vacation area of NC will have severe adverse health effects on its citizens, their quality of life and the environment.

-“Cities that make their livelihoods from shipping are prone towards high rates of cancer, asthma and other pollution-related illnesses” ***EPA head Lisa Jackson in California in 2009***

- The port in Long Beach is the single largest source of pollution in California-causing asthma rates for children living in port-adjacent communities to be twice as high as the rest of the US population and the port also causes more than 2400 premature deaths annually and a cancer risk 20 times the EPA standards. ***Physicians for Social Responsibility-Los Angeles***

-Nationwide, particulate matter-especially the fine particles in diesel exhaust- cause over 15,000 premature deaths every year. ***EPA brochure #420 Titled “Diesel Exhaust in the U.S.”***

-More than 1 of every 4 schoolchildren in Newark, NJ, suffers from asthma, and the death rate from asthma is twice the rate found in other suburban and rural areas in the same county. Port communities also have cancer risks hundreds of times greater than the EPA’s “acceptable cancer level” of 1 in a million. ***“Trucks spew deadly pollution at nations ports” – Maryilyn Bechtel December 2009***

3. Port Pollutions Impact on Economy

Here is some data collected by the Communities for Clean Ports and the California Air Resource Board.

Facts

- \$19 billion: Overall cost of Particulate Matter (PM) and ozone on the health system from ports and goods movement through October 2005 ²
- \$67 million: The cost of respiratory problems associated with ports in California ²
- 2 million: The number of Americans who end up in the emergency room because of asthma each year ³
- 360,000 work days were lost across California due to health effects associated with PM and ozone, costing the state an estimated \$65 million. ²
- 1,100,000 students stay home from school each day in California due to the health effects associated with pollution from port-related industries, costing the state \$100 million. ²
- 12,000 work days were lost due to health effects from activities at the ports of Los Angeles and Long Beach ¹

NPSP/Maritime Strategy Project meeting

NCIT Infrastructure section

- NCIT would require massive new infrastructure (road, rail, bridges, sewer) to handle 5,730 trucks per day (441 trucks per hour) and 10-14 trains per day, each nearly 2 miles long, at full build-out. (NCSPA/CH2M Hill study)
- Currently, the nearest rail to the proposed NCIT site is an inadequate light-duty, CSX spur single-track serving MOTSU and the Progress Energy nuclear plant. NCIT would require construction of a new 23-mile, heavy-duty double-track rail and rail yard through marsh and sinkhole wetlands. (NCSPA/CH2M Hill study)
- The nearest potential highway connection to the NCIT site is US 17 near Bolivia, requiring construction of a new limited access, high speed 4-lane highway (NCSPA/CH2M Hill study). Truck access from the NCIT site to the new highway would have to go through the streets of Southport, to avoid crossing the Progress Energy nuclear plant cooling canals.
- Estimated cost of building adequate rail and highway infrastructure for NCIT is more than one-half billion dollars. (NCSPA/TEC study)
- NC DOT estimates that the new highway/rail study for NCIT would take 2 years. Pre-construction necessities (e.g., obtaining the necessary right-of-ways, state and federal environmental impact studies and approval, obtaining state and federal funding, legal challenges, etc.) would require 3-5 or more additional years. Actual rail/highway construction would take at least another 2 years. Total: at least 7-9 years if started now.
- NCSPA has stated that if NCIT is not operational by 2019, the "window of opportunity" will be gone.
- NCSPA has stated that NCIT is needed to handle the larger "post-Panamax" container ships now coming into service. However, existing container ports in Georgia, South Carolina and Virginia already have the required rail and highway "outside the fence" infrastructure in place to do this and are now expanding their "inside the fence" port facilities and shipping channels for these larger ships. Thus it is likely that these competing ports and states will already have this business years before NCIT is built.

Rail Access to the Proposed NCIT site at Southport, NC (Bill Owens statement)

The following information was provided by Bill Owens. Mr. Owens began his career as a train engineer and for 24 years was an officer of CSX Corp., one of the largest rail transportation providers in North Carolina and the U.S. Mr. Owens lives in Smithville Woods, adjacent to Southport. (see below for his contact information)

1. Constructing a heavy duty rail line to NCIT would be a major problem, as it would need to cross the blast zone of the Military Terminal at Sunny Point (the largest ammunition shipping terminal in the Western Hemisphere) and the Progress Energy nuclear plant property.
2. Rail speed on the track would be severely limited: as slow as 5 MPH across Big Lake Dam in Boiling Spring Lakes.
3. The current rail corridor will not handle the weights anticipated for NCIT operations. The existing line weight limit is 90 lbs/yd; NCIT would require 140 lbs/yd.
4. Unlike rail lines servicing other major container ports in the Southeastern US, containers could not be double-stacked on flat rail cars, as the railway tunnels do not have the required clearance. The result is a cost-disadvantage to rail shipping from NCIT.

Contact information for Mr. Owens:

W.L. Owens Jr.
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Southport, NC 28461
(910) 457-9488

ATTACHMENT 2
DOCUMENTS PROVIDED ON CD

- Potential Environmental Problems from Building the Proposed NCIT (Mallin 4/10/2011)
- Summary of South Atlantic Container Terminals: Capacity, Growth and Expansion – Final Report (Davis 1/26/2011)
- NCSPA NCIT Review of Planning Concepts and Privatization Options (TEC PF Richardson 6/21/2010)
- Port of Beaumont, TX (4/22/2010)
- NC Statewide Logistics Plan (NCSU 2008)
- Economic Contribution of NC Ports (ITRE 2011)